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Agenda Item 03

THE GEF MONITORING REPORT 2021

Recommended Council Decision

The Council, having reviewed GEF/C.61/03, *The GEF Monitoring Report 2021*, welcomes the report, its use of the Portfolio Scorecard tracking effectiveness and efficiency, and the ongoing progress in reporting on results. The Council requests Agencies, through engagement with the Secretariat, to ensure the timely and quality delivery of Mid-Term Reviews as a tool to enhance implementation progress.

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EXECUTIVE SUMMARY

1. **Even as COVID-19 heightens implementation challenges, GEF-financed projects and programs continue to perform well on their path to deliver global environmental benefits.** Progress is improving in select areas, with positive trends maintained for key metrics. New projects disbursed faster in fiscal 2021 and the pace of disbursement continues to be at a sound level. Meanwhile, the trend of projects satisfactorily rated for implementation progress continues to be high. Other areas are facing more challenges. This includes timeliness in preparing Mid-Term Reviews (MTRs) and materialization of co-financing in Least Developed Countries, two areas affected by travel restrictions and evolving priorities to respond to the crisis.

2. **The impact of operational efficiency measures to enhance the quality and speed of projects is becoming more evident.** The set of measures adopted in 2018 to adjust Agency fee schedules, ensure timely financial closure and promote faster preparation with deadlines is registering progress, as the cancellation deadline extensions invoked during the COVID-19 crisis help governments, agencies and stakeholders adapt to and meet the challenges presented. With the support of these measures, the first few full-sized projects are receiving Agency fees following the new commitment schedule for projects approved after March 2019. In addition, three quarters of projects reached financial closure on time last year.

3. **Progress continues to be seen for projects financed by the GEF Trust Fund, as they adapt project implementation to travel and other restrictions linked to the pandemic.** The Portfolio Scorecard captures into a tracking framework progress data reported by Agencies at project level. It assesses operational effectiveness and efficiency in the ongoing context of COVID-19. This is the first time the Monitoring Report provides an update on this framework, allowing to assess progress over time, and disaggregates data by region and country group. Key highlights are:

- Agencies are making available resources to countries at a rapid pace, with a disbursement ratio of 20 percent. The small cohort of projects that disbursed for the first time in fiscal 2021 did so within a shorter timeframe than a year ago. Nearly 90 percent of projects disbursed new resources in the past year.
- With persistent travel restrictions, less than half of projects that prepared a Mid-term review (MTR) last year did so within 4 years of CEO endorsement—a clear impact of the pandemic. Preparing MTRs at an advanced stage hinders the ability for course correction, improvements and adaptation.
- The stock of projects with financial closure is on par with last year at 83 percent, while 77 percent of projects were closed by the policy standard of 12 months from submission of the terminal evaluation report. This is a little lower than last year.
- In the context of COVID-19, two thirds of projects had materialized 35 percent of expected co-financing by the time of MTR. The share is much lower for the Africa region and Least Developed Countries, as resources become scarce in the face of fiscal pressure.

4. **Providing progress data on actual results continues to be a core objective and an update on achievement rate is presented in this report, as reporting at scale progressively increases.** Findings from the population of GEF-6 projects starting to report on Core Indicators indicate:

- A growing cohort of GEF-6 projects are starting to report on actual results, but at a small scale that limits the ability to discern consistent trends. This reflects the time needed to begin concrete implementation and drive the delivery of results. Over 100 MTRs are expected in fiscal 2022, allowing for more results analysis to take place.
- Early evidence indicates that as GEF-6 projects transition to Core Indicators they use comparatively less indicators than GEF-7 projects. This points to the more integrated nature of more recent projects, but also to adjustments needed in transitioning to the new and more streamlined indicators developed for GEF-7.
- The data is also showing that results achieved at terminal evaluation stage are high, often times higher than as planned at CEO endorsement stage. This attests to progress toward generating Global Environmental Benefits. The submission of more projects in the next years will allow to assess trends in this regard.

5. **A review of projects during implementation indicates that MTRs play a key role to help prompt implementation progress and course correction, as well as to document lessons learned.** This report assesses that Agencies use this important tool and opportunity for these purposes and for problem solving more generally, but that MTRs often come late in the project life cycle. Here are highlights of some of the findings:

- The GEF has committed to promote exchanges on good practices in preparing MTRs, and this report notes positively that Agencies are in a number of cases relying on international evaluation guidance and methodologies for the preparation of MTRs.
- While the timely submission of MTRs needs to improve, the analysis found that this matter affected every kind of project, whether they overall perform well or were assessed as facing high implementation challenges.
- Findings from a project review include that Agencies cover key elements in MTRs: identification of recommendations and sometimes plans of action to address challenges and strengthen project implementation, discussion of implementation challenges as a basis for such recommendations and actions, and assessment of progress in implementing key policies and priorities of the partnership, including in the areas of gender equality, stakeholder engagement and knowledge sharing and learning.

6. In the light of this assessment, this report suggests steps that could be taken to improve the quality and role of MTRs, with a view to enhance learning and adaptive management. These are set out in more detail in the discussion below.

INTRODUCTION

1. The **Monitoring Report** appraises the progress made by the portfolio of projects under implementation with financing from the GEF Trust Fund over the past year. The Monitoring Report presents the results of the GEF partnership's efforts to strengthen its portfolio and make projects and programs more effective. It also details the contribution made by GEF-financed activities to global environmental benefits. The report also continues to provide an overview of the size and distribution of the portfolio of projects under implementation. It covers the period from July 1, 2020, to June 30, 2021.
2. **This is the second edition assessing the effectiveness and efficiency of projects using the GEF's Portfolio Scorecard, a framework tracking progress over time.** It monitors the progress that positions the GEF partnership to deliver better global environmental benefits. A key objective is to help the GEF partnership take stock of how well it is doing and where it can do better. This reflection is all the more pertinent this year, given mounting global environmental threats and as GEF projects and programs simultaneously are facing implementation challenges linked to the COVID-19 pandemic. This global crisis requires the GEF partnership to continue use resources even more effectively. In this context, this year's edition innovates further by providing Portfolio Scorecard data by region and country group.
3. **The Monitoring Report leverages data from individual project implementation reports shared by Agencies yearly through the GEF Portal.** Strong systems and data governance overhauled in GEF-7 underpin programming, portfolio and results monitoring analysis through the GEF Portal. The Secretariat continues to enhance data quality through system improvements and engagement with Agencies. This includes ensuring the submission of timely, comprehensive and relevant yearly progress updates and mid-term reviews. In turn, this attention helps hold the GEF partnership accountable and ensure transparency in its work, to ensure maximum effectiveness in support of the environment.
4. **Section 1** covers the progress made by the portfolio in ongoing projects, taking into account how they are being affected by COVID-19. It also provides a snapshot of the volume and distribution of the portfolio across different categories. Several metrics trace the progress made by projects since last year, examining quality and speed, performance improvement and the materialization of co-financing. This section also summarizes the risk outlook of projects, as assessed by Agencies' own reporting, and provides an update on the submission of Project Implementation Reports.
5. **Section 2** then gauges the contribution of GEF-financed projects to delivering global environmental benefits and project outcomes. As more projects start reporting on actual results, the section provides the achievement rate of projects reporting on Core Indicators. This practice sets the stage for more consistent reporting on actual results across the portfolio that will take place in GEF-8. Mid-term reviews and terminal evaluation reports from the growing cohort of GEF-6 and GEF-7 projects provide the underlying data for this analysis.

6. **Section 3** provides a review of practices across the partnership in preparing Mid-Term Reviews (MTRs), a critical tool for learning and course correction. This analysis provides findings from a review of a sample of MTRs. It also explores evidence highlighting the positive effect of holding an MTR to improve project effectiveness and outcomes. Following past years’ practice, this short section conducts a “deep dive” analysis, noting that more engagement and analyses will take place on the topic in the months to come.

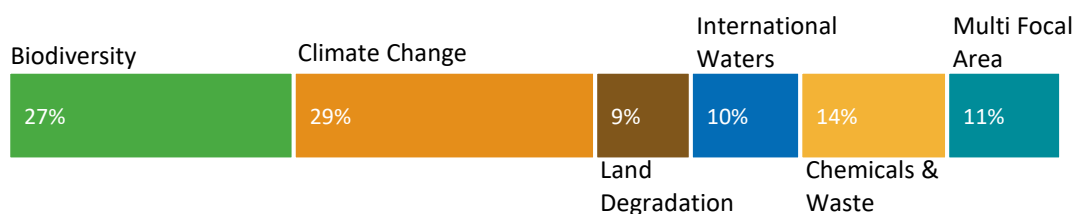
THE GEF TRUST FUND PORTFOLIO IN FISCAL 2021

Providing a Portfolio Overview

7. **In fiscal 2021, the GEF Trust Fund approved projects and programs valued at \$701 million in net commitments. The portfolio of 866 GEF-financed medium- and full-sized projects under implementation reached \$4.5 billion and disbursed \$675 million.** This disbursement volume is on par with last year’s during a year marked by implementation challenges linked to the COVID-19 pandemic. Altogether, 649 Full-Sized Projects (FSPs) account for 93 percent of the portfolio volume, with 217 Medium-Sized Projects (MSPs) amounting to the rest. Among those, a quarter of FSPs and 11 percent of MSPs are child projects of programs. In addition, 108 Enabling Activities (EAs) valued at \$84 million are actively supporting the preparation of convention reports by countries.

8. **Investments in Biodiversity and Climate Change continue to represent the majority of the ongoing financing, with implementation also taking place under three other focal areas.** Figure 1 indicates the distribution by focal area along the financial resources used by projects under implementation. Biodiversity and Climate account for respectively 27 percent and 29 percent of the portfolio, trailed by Chemicals & Waste, International Waters and Land Degradation. The remaining Multi-Focal Area projects refer to investments from earlier GEF periods with no breakdown by contributing focal area.

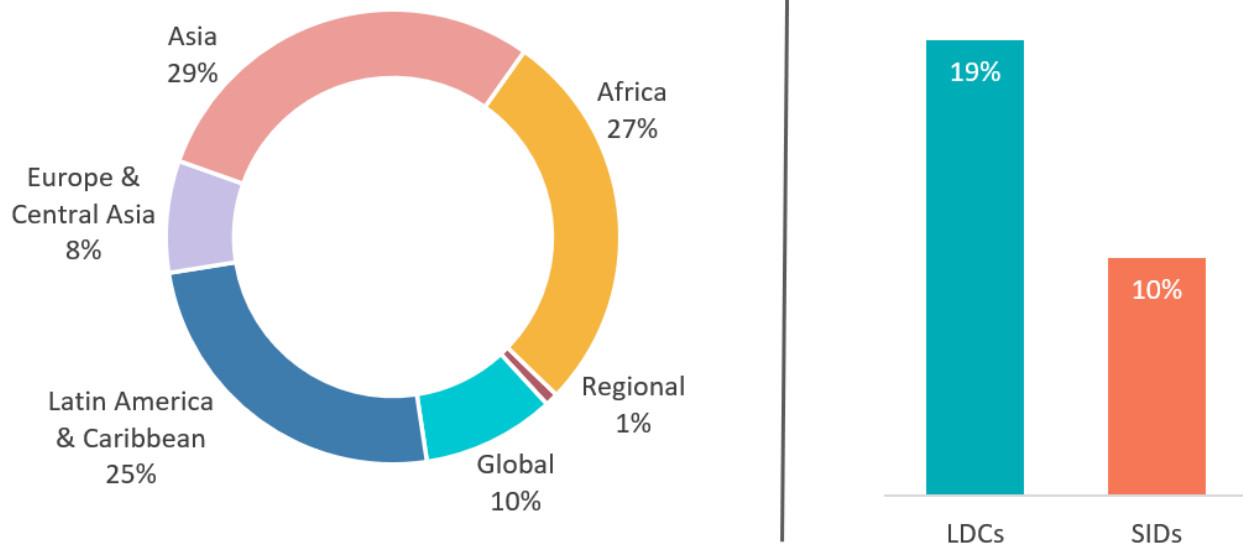
Figure 1. Portfolio distribution by resources to focal area



9. **Asia, Africa and Latin America account for the largest share of portfolio, while projects taking place in Least Developed Countries (LDCs) and Small Islands Developing States (SIDS) account for respectively 19 percent and 10 percent.** With its global reach, the GEF has investments under way in 142 countries. The share of each region in the portfolio remained overall stable compared to last year, with Africa gaining a percentage point. Global and Regional projects, which are not specific to a given region, represent 10 percent and 1 percent of the portfolio. The share of projects in LDCs and SIDS reached 19 percent and 10 percent in fiscal 2021,

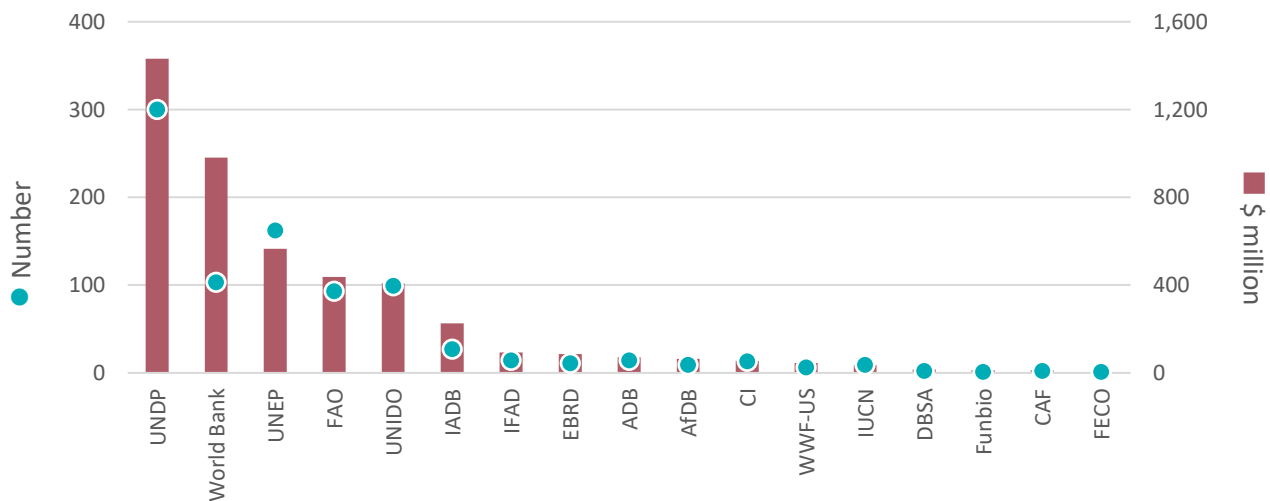
up from 15 percent and 9 percent a year ago. This reflects continued emphasis and higher resources allocation for these country groups (Figure 2).

Figure 2. Portfolio distribution by region and country group



10. **The three founding Agencies—UNDP, UNEP and World Bank—now account for 65 percent of ongoing operations, a gradual decrease from 69 percent in fiscal 2019 and 67 percent in fiscal 2020.** This trend reflects that more projects from other Agencies are now under implementation. FAO’s portfolio grew the most across Agencies, reaching a volume of \$437 million, just above UNIDO’s. Figure 3 indicates the number of projects and portfolio volume by Agency. The figure includes Agencies that provided updates on implementation progress this year.

Figure 3. Portfolio distribution by Agency



Assessing Portfolio Progress

11. **As projects continue to be on the move, the COVID-19 pandemic brought with it a series of challenges leading projects to adapt implementation and at times face delays.** Lockdowns, travel restrictions, physical distancing and business closure challenge implementation teams. Project implementation teams have adapted in multiple ways, using not only remote supervision methods, but also procuring equipment and labor through virtual site visits and bid openings. While yearly project updates point to continuous implementation progress, they also highlight changes in the delivery schedule and adaptation in the conduct of some activities, such as moving training exercises online or held with smaller groups. Project implementation teams also have revisited the way they engage with stakeholders to ensure safety, while adapting and sometimes adjusting the delivery schedule of activities. This section highlights progress along the Portfolio Scorecard and additional metrics to assess the impact of the pandemic on implementation.

Tracking Implementation Progress in Fiscal 2021

12. **This section presents the progress of GEF investments on operational effectiveness in fiscal 2021, using 15 indicators from the Portfolio Scorecard.** Reaching first disbursement took place faster this year than last year, showing an effective use of resources from new projects during a year marked by the COVID-19 pandemic. The share of projects assessed as likely to deliver on their outcomes remained high. Meanwhile, the disbursement ratio decreased, suggesting that operations take longer to be fully executed. It has also become difficult in fiscal 2021 to submit project Mid-Term Reviews (MTRs) early in the project life cycle in the face of travel and other disruptions linked to the pandemic. These are some of the findings of the 2021 Portfolio Scorecard, a framework launched last year to track the GEF partnership's progress along key effectiveness and efficiency areas.

13. **This analysis also presents findings for the partnership as a whole, by Agency and region, drawing from implementation progress updates provided by Agencies.** Qualitative analysis provides context to the snapshot of GEF progress in fiscal 2021 for each metric used. This year's update continues to apply the methodology and list of definition for each indicator annexed to the 2020 edition of the Monitoring Report. It innovates by disaggregating data for each of the GEF's regions, also covering two important country groups—LDCs and SIDS. Table 1 provides the fiscal 2021 update for the GEF average, along with both the fiscal 2019 and 2020 values as benchmarks. This consistent approach to reporting progress over time supports overall portfolio oversight to deliver better environmental results and drive improved value.

Table 1. Portfolio Scorecard

	FY19 Reference	FY20 Reference	FY21 Average
ENHANCE THE SPEED OF OPERATIONS			
Time from CEO endorsement (FSP) or CEO approval (MSP) to first disbursement below 18 months (%)	78 ●	47 ●	71 ●
Time from CEO endorsement to mid-term review below 4 years	57 ●	58 ●	41 ●
MSP age below 4 years (%)	71 ●	65 ●	64 ●
FSP age below 6 years (%)	89 ●	88 ●	82 ●
ENSURE STRONG PORTFOLIO MANAGEMENT			
Disbursement ratio of ongoing portfolio (%)	18	25	20
Projects rated in the satisfactory range for both Implementation Progress and Development Outcome (%)	82 ●	81 ●	80 ●
Projects rated in the satisfactory range for Implementation Progress (%)	86 ●	84 ●	83 ●
Projects rated in the satisfactory range for Development Outcome (%)	87 ●	88 ●	85 ●
Project with disbursement in the past year (%)	●	95 ●	88 ●
Over 50% disbursed balance 3+ years into MSP implementation (%)	78 ●	80 ●	72 ●
Over 50% disbursed balance 5+ years FSP implementation (%)	80 ●	85 ●	86 ●
Projects with financial closure after Terminal Evaluation submission (%)	92 ●	84 ●	83 ●
Projects financially closed on time in the last year (%)	67 ●	80 ●	77 ●
INCREASE CO-FINANCING ACROSS THE PORTFOLIO			
Projects with co-financing materialized higher than 35% at MTR (%)	●	57 ●	62 ●
Co-financing materialized at Terminal Evaluation (%)	●	>100 ●	>100 ●

- Above 80% of the project portfolio
- From 60% to 80% of the project portfolio
- Below 60% of the project portfolio
- Data not available

Enhancing the speed of operations

14. **Projects starting implementation in fiscal 2021 made available new resources faster than last year.** This suggests that projects have been progressively more effective in adapting implementation arrangements to the new operating environment affected by travel restrictions and social distancing measures brought by COVID-19. As a result, 71 percent of ● **projects that disbursed for the first time in fiscal 2021 did so within 18 months of CEO endorsement**, up from 58 percent a year ago. This progress is most noticeable in the Africa region where 13 out of 18 projects met this important milestone. UNEP and the World Bank contributed the most to this achievement, accounting for over half of the project population covered by this indicator. The number of projects reporting first disbursement in fiscal 2021 hovers at 36, on par with last year, as most GEF-6 projects are now well under way and most GEF-7 projects are just starting.

15. **In a year marked by significant travel disruptions, over half of project MTRs took place during advanced implementation stages.** Holding MTRs late in the project life cycle reduces the ability to spot issues early and to enhance implementation. This metric reflects that it takes time to mobilize people to conduct MTRs at a time when international consultants contributing to the exercise could not travel on site. Restrictions also prevented meetings with project stakeholders. In the past year, 41 percent of ● **projects reached MTR within 4 years of implementation**, below last year's status of 58 percent. FAO and UNDP performed a little above this year's average. Figure 4 presents data for Agencies, along with the number of MTRs submitted. At the same time, in the face of travel restrictions, it now appears that Agencies have found innovative ways to supervise projects remotely that will guide monitoring exercises and MTRs going forward (see Box 1). Section 3 below takes an in-depth look at MTR practices across Agencies and analyzes their submissions in further details.

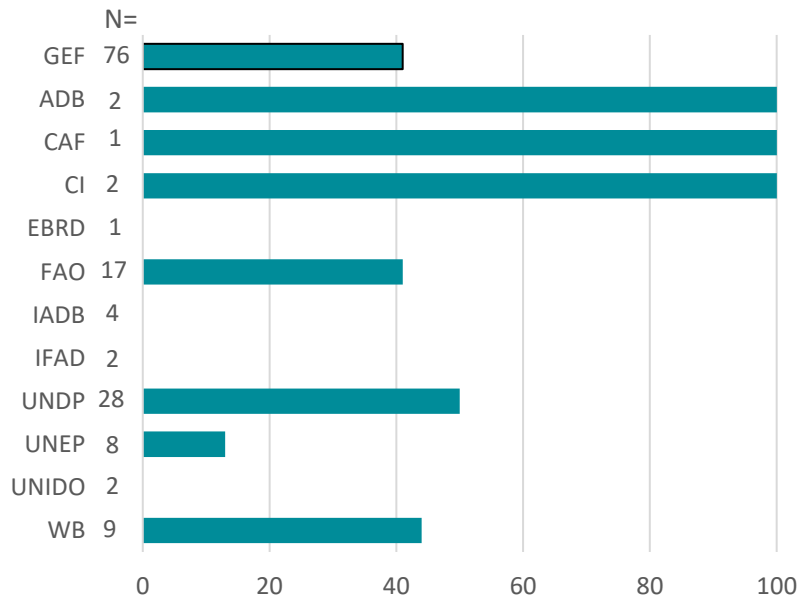
Box 1. Adapting project supervision and stakeholder engagement during the pandemic

Creative solutions are being used since the first few months of lockdowns and travel restrictions to enhance implementation, including through remote delivery mechanisms leveraging technological tools. Procurement has in different cases been conducted by undertaking virtual site visits, rather than inviting firms to visit project sites. Likewise, project supervision has been now taking place in many cases through virtual, rather than face-to-face missions. Alternatives to on-site project monitoring also emerged. They include third-party monitoring of progress in the field, through direct feedback and the use of pictures from local stakeholders such as in Zimbabwe. Live videos have also helped verify the implementation of environmental standards in Peru.

During the pandemic, stakeholder engagement and capacity strengthening activities took place mostly online or through recordings, allowing for more continuous learning. Adapting to travel restrictions and social distancing measures meant moving training events online and reaching to stakeholders in different ways. In some instances, projects also held the same workshops multiple times with smaller groups, rather than as one large group, to make sure they would reach the right number of stakeholders.

Innovative good practices that emerged during the pandemic will shape the way projects are implemented and monitor progress in the years ahead. Much learning will continue to emerge from this situation and the GEF Partnership will do its part in helping to cross-fertilize the use of adaptive management practices in project implementation.

Figure 4. Projects reaching MTR within 4 years (%)

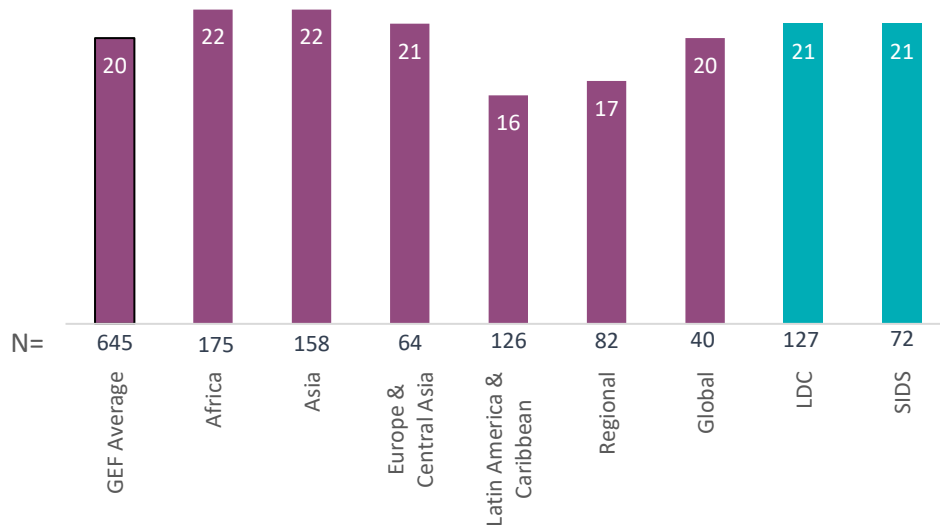


16. **The share of Full-sized projects younger than 6 years remains high, while a larger share of Medium-sized projects are reaching an age beyond anticipated completion times.** Over four out of five FSPs implemented by most Agencies with a small portfolio of projects, as well as UNDP and UNEP, are younger than 6 years. This is also the case across all regions, except ECA. The share of ● **FSPs younger than 6 years** stands at 82 percent, in the same performance range as last year. Meanwhile, 64 percent of ● **MSPs were younger than 4 years**, on par with last year’s value. About a third of aging MSPs were approved in GEF-4 and GEF-5. Agencies with a smaller portfolio of MSPs—CI, FAO, FECO, UNDP, the World Bank and WWF—have on average a higher proportion of younger projects under implementation.

Ensuring strong portfolio management

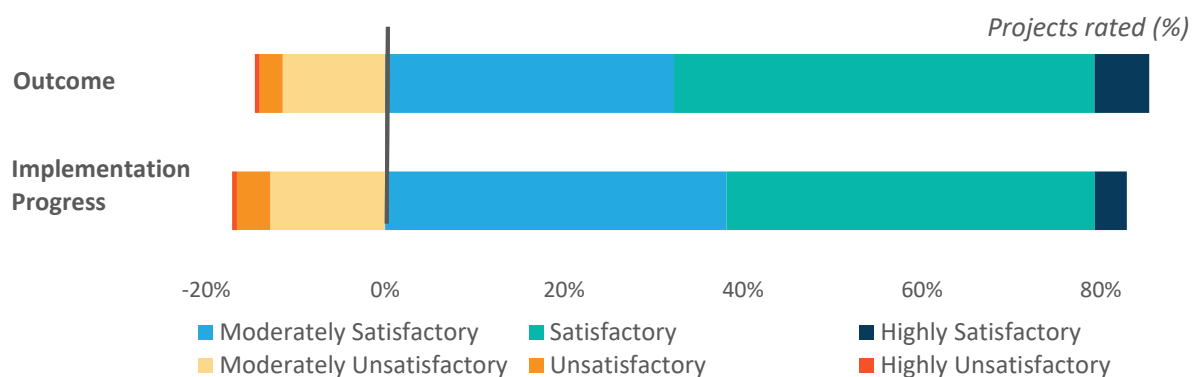
17. **COVID-19 pushed the disbursement ratio to lower levels than last year, while maintaining good standards in challenging circumstances.** With a disbursement ratio reaching 20 percent, down from 25 percent a year ago, the pace at which Agencies make resources available to countries continues to be satisfactory. All Agencies with a large volume of projects under implementation disburse with overall similar speed. Higher than average disbursement took place in some of the most at-need regions and country groups. This was the case in the Africa, Asia and ECA regions, as well as in LDCs and SIDS (see Figure 5). Regional projects moved at a slower pace last year, reflecting coordination challenges across countries during a year marked by travel and social distancing restrictions enforced by governments.

Figure 5. Disbursement ratio of the ongoing portfolio (%)



18. The share of ● projects assessed as making both satisfactory implementation progress and likely to achieve their outcomes continues to be high, standing at 80 percent. A look at the performance across regions indicates that Africa and Latin America & the Caribbean, as well as LDCs and SIDS encounter higher implementation challenges. This is particularly the case of national projects under implementation in SIDS where institutional capacity, as well as travel restrictions in this pandemic year, hindered effective implementation. Looking at each rating category separately helps identify challenges in projects early on so they can be corrected. It indicates that 83 percent of ● projects were rated in the satisfactory range for Implementation Progress, on par with 84 percent a year ago. Separately, 85 percent of ● projects were rated in the satisfactory range for the likelihood to achieve their Development Objective, below 88 percent in fiscal 2020. This slight decline reflects a challenging operating environment due to COVID-19, as well as possibly more candor or critical scrutiny in providing ratings. Box 2 presents the share of projects in the satisfactory range by focal area, and Figure 6 highlights the distribution of ratings across the portfolio.

Figure 6. Distribution of Outcome and Implementation Progress ratings of ongoing GEF projects

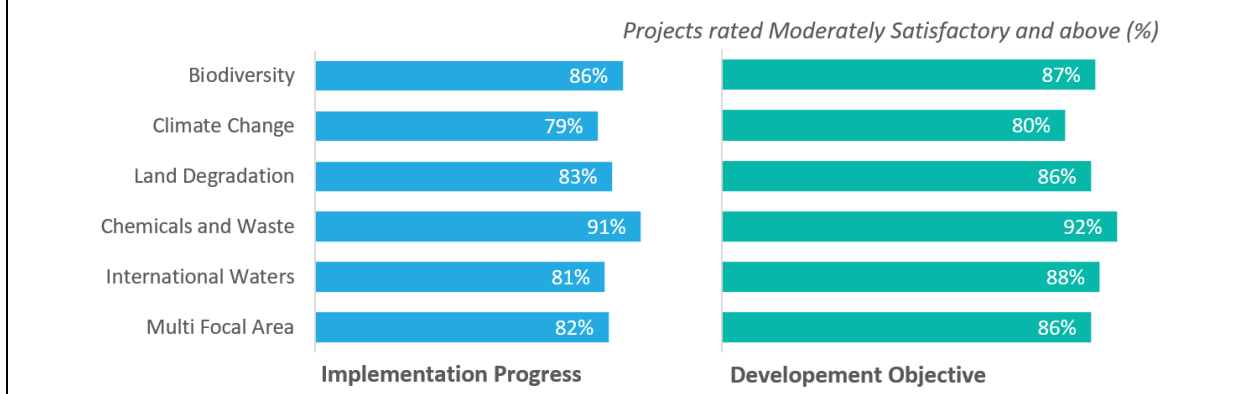


19. **Implementation progress continued during the pandemic as evident from the fact that 88 percent of projects** ● **disbursed new resources in the last year.** Far from stalling, the project portfolio remains dynamic, though the share of disbursing projects is lower than last year’s 95 percent. Project implementation teams found alternative ways of delivering activities, sometimes by reporting to domestic contractors, given their ability to deliver results faster on the ground in a time of travel restrictions. While this disbursement progress is taking place across regions and country groups, regional projects taking place in more than one country achieved a lower rate of 81 percent, as coordination challenges increased.

20. **For most projects, well over half of the financing is disbursed as they get close to their planned completion time.** This indicates continuous and overall timely use of resources for the achievement of project outcomes, particularly in the case of FSPs. In fiscal 2021, 86 percent of ● **FSPs older than five years have disbursed over 50 percent of their financing,** up from 85 percent a year ago. Virtually all Agencies met this high standard. Meanwhile, 5 out of 10 global projects have yet to reach this threshold. When looking specifically at smaller projects, a different standard is applied given their shorter planned duration. In fiscal 2021, 72 percent of ● **MSPs older than three years have disbursed over 50 percent of their financing,** a lower performance than 80 percent a year ago. UNDP and UNEP, which have the highest number of MSPs, performed better than average in ensuring MSPs have disbursed the majority of financing at this stage.

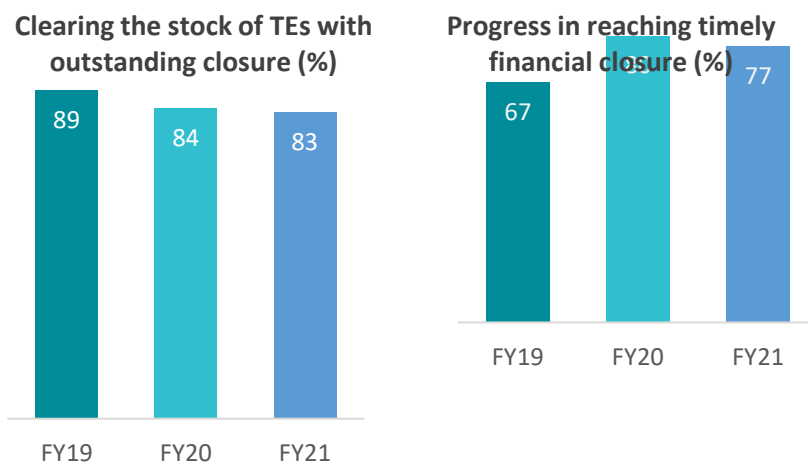
Box 2. Projects rated in the satisfactory range by focal area

Most focal areas' ratings improved from a year on, with the higher share of ratings in the satisfactory range for Implementation Progress going to the Biodiversity and Chemicals & Waste focal areas. Good progress is also observed in the outcome rating with all focal areas registering results above the 80 percent threshold.



21. **Progress in reaching timely financial closure slightly decreased, while the share of outstanding completed projects with financial closure remained stable.** This highlights continuous progress in both the timely financial closure of newly completed projects and continuous progress in closing older projects. In fiscal 2021, 83 percent of **projects with a terminal evaluation report had reached financial closure**, just below 84 percent a year ago. The implementation of the policy standard of reaching financial closure within 12 months of terminal evaluation submission continues at a steady pace for newly completed projects. Altogether, 77 percent of the **projects were financially closed on time in the last year**, a minor decline from 80 percent a year earlier. See Figure 7 for a summary of progress.

Figure 7. Progress in reaching financial closure

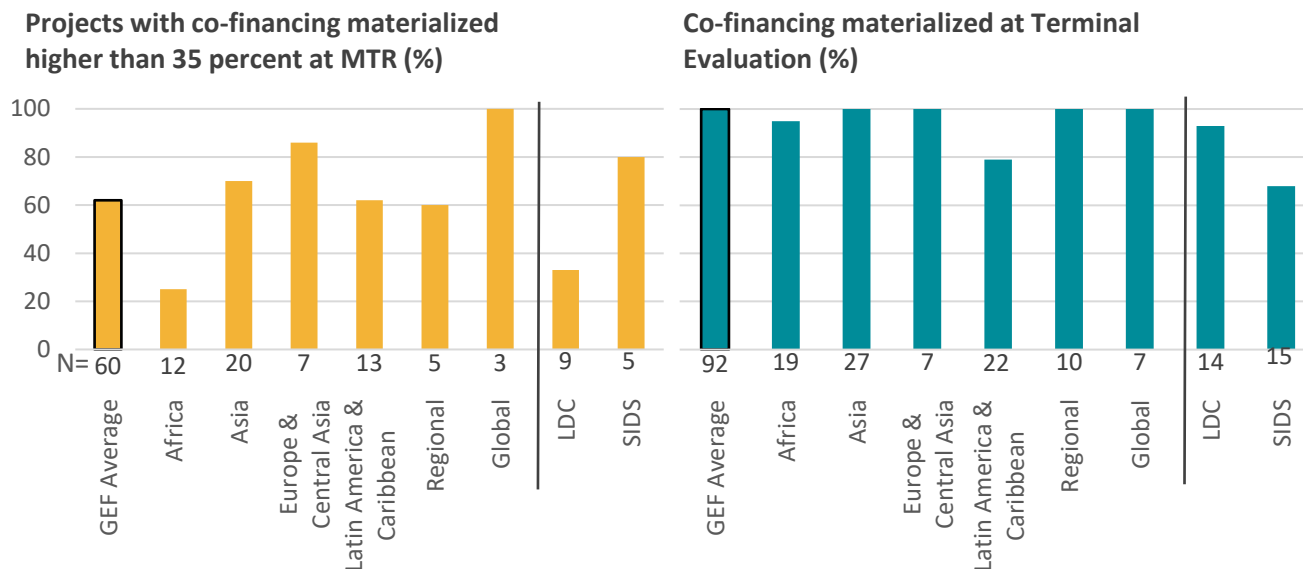


Increasing co-financing across the portfolio

22. **Co-financing materialized by project mid-term has improved during this pandemic year across the partnership, with Africa and LDCs registering much lower rates.** Respectively 25 percent and 33 percent of projects in the Africa region and LDCs materialized over 35 percent of

co-financing by MTR, against the average 62 percent of **● projects materializing above 35 percent of the co-financing** anticipated during preparation at MTR stage. This is higher than last year’s 57 percent value, at a time when countries and Agencies face a more challenging operating environment because of the COVID-19 pandemic. It shows that donors, the private sector, governments and civil society organizations continue to maximize finance and reach to achieve global environmental benefits, even during this crisis.

Figure 8. Progress in materializing co-finance at MTR and Terminal Evaluation



23. **By the time projects reach completion, they on average materialized more co-financing than expected at CEO endorsement.** This interesting finding is a sign that GEF-financed projects have a catalytic effect in securing additional resources to support their objectives. In fiscal 2021, projects **● materialized a co-financing amount at terminal evaluation** higher than 100 percent. Latin America & the Caribbean and SIDS are the geographic groupings, with overlapping countries, that reached less than 80 percent of the planned co-financing. The charts in Figure 8 provide a representation of the two indicators by region and country group, along with the GEF average.

* * *

24. **Developments in data management and governance underpinned by a strengthened GEF Portal allows to disaggregate Portfolio Scorecard findings by Agency, region and country group, mindful of each Agency’s own methodologies and organizational settings.** Table 2 and Table 3 provide the progress disaggregated for each agency¹, and separately each region and

¹ Presenting data at Agency level is a complex undertaking as it makes apparent methodological challenges: 1) Variations of performance levels across Agencies may occur as only few projects populate an Agency’s data set, making averages sensitive to outliers. Threshold effects can compound this challenge; 2) Countries, implementing and executing Agencies share the responsibility to achieve project progress; 3) Project progress can be challenged

country group. Annex A makes available the number of projects contributing to each indicator by Agency and region for fiscal 2021. This allows to better understand the relative size of each Agency's portfolio and how it may affect progress data. Agencies and the GEF Secretariat exchanged bilaterally on the findings by Agency.

25. **The submission rate of Project Implementation Reports is high, at 91 percent for FSPs and 78 percent for MSPs, and will continue to improve through engagement with Agencies and improved data quality.** Those rates are high, even if below the standard of 100 percent, at a time when many supervision missions took place virtually to ensure continued implementation. Exchanges with Agencies helped identify that the submission rate may be underestimated, owing for example to gaps in the submission of completion dates or delays in financial closure. This issue is now being addressed to aim for 100 percent submission rate in the next year.

by external events, as evident from the consequences of the COVID-19 pandemic; and 4) Agencies may use different methodologies and levels of candor or stringency in applying project ratings. This is the case of UNDP, which has made substantial changes to its annual reporting in 2017, resulting in a smaller share of projects rated in the satisfactory range. Separately, it should also be noted that agencies use different triggers to disburse resources, blend GEF financing with other resources and use financing as part of project additional financing—all elements which affect disbursement speed.

Table 2. Values and performance by Agency

	FY21 average	ADB	AfDB	CAF	CI	DBSA	EBRD	FAO	FECO	FUNBIO	IADB	IFAD	IUCN	UNDP	UNEP	UNIDO	World Bank	WWF
ENHANCE THE SPEED OF OPERATIONS																		
Time from CEO endorsement (FSP) or CEO approval (MSP) to first disbursement below 18 months (%)	71 ●			100 ●			100 ●	100 ●	0 ●			0 ●		56 ●	71 ●	100 ●	83 ●	
- MSPs only (%)	43 ●							100 ●	0 ●					67 ●	0 ●			
- FSPs only (%)	78 ●			100 ●			100 ●					0 ●		50 ●	100 ●	100 ●	83 ●	
Time from CEO endorsement to mid-term review below 4 years	41 ●	100 ●		100 ●	100 ●		0 ●	41 ●			0 ●	0 ●		50 ●	13 ●	0 ●	44 ●	
MSP age below 4 years (%)	64 ●	50 ●			100 ●		0 ●	80 ●	100 ●		75 ●		50 ●	67 ●	61 ●	59 ●	75 ●	100 ●
FSP age below 6 years (%)	82 ●	70 ●	100 ●	100 ●	100 ●	100 ●	44 ●	86 ●		100 ●	75 ●	100 ●	100 ●	88 ●	85 ●	52 ●	77 ●	100 ●
ENSURE STRONG PORTFOLIO MANAGEMENT																		
Disbursement ratio of ongoing portfolio (%)	20	12	7	45	40	15	6	19		19	13	23	15	22	19	29	19	12
Projects rated in the satisfactory range for both Implementation Progress and Outcome (%)	80 ●	100 ●	75 ●	100 ●	83 ●	100 ●	91 ●	90 ●	100 ●	100 ●	74 ●	91 ●	56 ●	64 ●	88 ●	89 ●	91 ●	100 ●
Projects rated in the satisfactory range for Implementation Progress (%)	83 ●	100 ●	75 ●	100 ●	83 ●	100 ●	91 ●	90 ●	100 ●	100 ●	74 ●	91 ●	56 ●	68 ●	92 ●	91 ●	92 ●	100 ●
Projects rated in the satisfactory range for Development Outcome (%)	85 ●	100 ●	75 ●	100 ●	92 ●	100 ●	100 ●	93 ●	100 ●	100 ●	74 ●	100 ●	78 ●	71 ●	91 ●	93 ●	96 ●	100 ●
Project with disbursement in the past year (%)	88 ●	75 ●	78 ●	50 ●	92 ●	100 ●	82 ●	97 ●	100 ●	100 ●	70 ●	92 ●	78 ●	99 ●	72 ●	96 ●	80 ●	100 ●
Over 50% disbursed balance 3+ years into MSP implementation (%)	72 ●	0 ●			100 ●		0 ●	100 ●			50 ●		100 ●	79 ●	82 ●	63 ●	0 ●	

	FY21 average	ADB	AfDB	CAF	CI	DBSA	EBRD	FAO	FECO	FUNBIO	IADB	IFAD	IUCN	UNDP	UNEP	UNIDO	World Bank	WWF
Over 50% disbursed balance 5+ years FSP implementation (%)	86 ●	60 ●	100 ●		100 ●		33 ●	94 ●			86 ●	100 ●		88 ●	91 ●	86 ●	91 ●	
Projects with financial closure after Terminal Evaluation submission (%)	83 ●	100 ●	30 ●		100 ●		0 ●	65 ●			85 ●	97 ●	0 ●	85 ●	67 ●	87 ●	88 ●	100 ●
Projects financially closed on time in the last year (%)	77 ●	100 ●	100 ●		100 ●			25 ●			100 ●	75 ●		72 ●	82 ●	59 ●	98 ●	
INCREASE CO-FINANCING ACROSS THE PORTFOLIO																		
Projects with co-financing materialized higher than 35 percent at MTR (%)	62 ●	100 ●			100 ●			73 ●			50 ●	50 ●		57 ●	33 ●	100 ●	57 ●	62 ●
Co-financing materialized at Terminal Evaluation (%)	>100 ●	69 ●						>100 ●			>100 ●	16 ●		>100 ●	>100 ●		90 ●	>100 ●

Table 3. Values and performance by Region and Country Group

	FY21 average	AFRICA	ASIA	EUROPE & CENTRAL ASIA	LATIN AMERICA & CARIBBEAN	REGIONAL	GLOBAL	LDC	SIDS
ENHANCE THE SPEED OF OPERATIONS									
Time from CEO endorsement (FSP) or CEO approval (MSP) to first disbursement below 18 months (%)	71 ●	72 ●	57 ●	50 ●	67 ●	100 ●	100 ●	75 ●	100 ●
- MSPs only (%)	43 ●	0 ●	50 ●	50 ●	0 ●	0 ●	0 ●	0 ●	0 ●
- FSPs only (%)	78 ●	76 ●	67 ●	0 ●	67 ●	100 ●	100 ●	82 ●	100 ●
Time from CEO endorsement to mid-term review below 4 years	41 ●	50 ●	36 ●	63 ●	38 ●	13 ●	67 ●	80 ●	50 ●
MSP age below 4 years (%)	64 ●	56 ●	58 ●	70 ●	73 ●	64 ●	71 ●	60 ●	85 ●
FSP age below 6 years (%)	82 ●	83 ●	80 ●	72 ●	82 ●	85 ●	87 ●	87 ●	84 ●
ENSURE STRONG PORTFOLIO MANAGEMENT									
Disbursement ratio of ongoing portfolio (%)	20	22	22	21	16	17	20	21	21
Projects rated in the satisfactory range for both Implementation Progress and Outcome (%)	80 ●	79 ●	82 ●	85 ●	73 ●	78 ●	97 ●	77 ●	61 ●
Projects rated in the satisfactory range for Implementation Progress (%)	83 ●	83 ●	84 ●	85 ●	74 ●	81 ●	98 ●	82 ●	67 ●
Projects rated in the satisfactory range for Development Outcome (%)	85 ●	81 ●	88 ●	89 ●	79 ●	87 ●	97 ●	82 ●	70 ●
Project with disbursement in the past year (%)	88 ●	91 ●	92 ●	86 ●	87 ●	81 ●	85 ●	88 ●	90 ●
Over 50% disbursed balance 3+ years into MSP implementation (%)	72 ●	65 ●	60 ●	100 ●	76 ●	83 ●	57 ●	65 ●	50 ●
Over 50% disbursed balance 5+ years FSP implementation (%)	86 ●	93 ●	87 ●	84 ●	96 ●	82 ●	50 ●	91 ●	92 ●
Projects with financial closure after Terminal Evaluation submission (%)	83 ●	82 ●	84 ●	91 ●	81 ●	80 ●	79 ●	79 ●	67 ●
Projects financially closed on time in the last year (%)	77 ●	73 ●	74 ●	89 ●	75 ●	72 ●	83 ●	73 ●	57 ●
INCREASE CO-FINANCING ACROSS THE PORTFOLIO									
Projects with co-financing materialized higher than 35 percent at MTR (%)	62 ●	25 ●	70 ●	86 ●	62 ●	60 ●	100 ●	33 ●	80 ●
Co-financing materialized at Terminal Evaluation (%)	>100 ●	95 ●	>100 ●	>100 ●	79 ●	>100 ●	>100 ●	93 ●	68 ●

Measuring COVID-19's Impact on Select Operational Areas

26. **Over a year into the pandemic, risks to achieving outcomes are assessed as limited, recognizing however that adapting to the pandemic and needed safety-restrictions has led to implementation challenges and some delays.** The data indicates that start-up delays are comparable to last year, while narrative project updates outline implementation challenges. This section explores changes in performance and risk ratings, against a backdrop of heightened implementation challenges brought by restrictions linked to the pandemic. It also examines the overall outlook for the portfolio by assessing risk to achieving project outcomes, and identifies delays in reaching implementation start for a limited number of projects. This overall positive outlook attests to the high sense of commitment and carrying-on by all involved in the face of heavy challenges and hardship brought by the pandemic.

Tracking the risk to outcomes as assessed by Agencies

27. **The share of projects rated as facing low to moderate risk reached 75 percent, down from 79 percent a year ago, during a year marked by the pandemic.** Assessing risks helps put the focus on the projects facing high risk to the delivery of outcomes. Latin America is the region with the largest share of projects rated as high or substantial risk reaching 34 percent, up from 23 percent a year ago. Agencies rated 28 percent of projects in SIDS as facing high to substantial risk, up from 17 percent a year ago. Africa and Europe & Central Asia have seen overall stable ratings, whereas the share of projects assessed as facing high or substantial risk increased from 18 percent a year ago to 21 percent in fiscal 2021. Figure 9 provides risk ratings by region and country group, and Figure 10 the breakdown by focal area contributing to project financing.

Figure 9. Distribution of risk ratings in ongoing projects by geographic area and country group

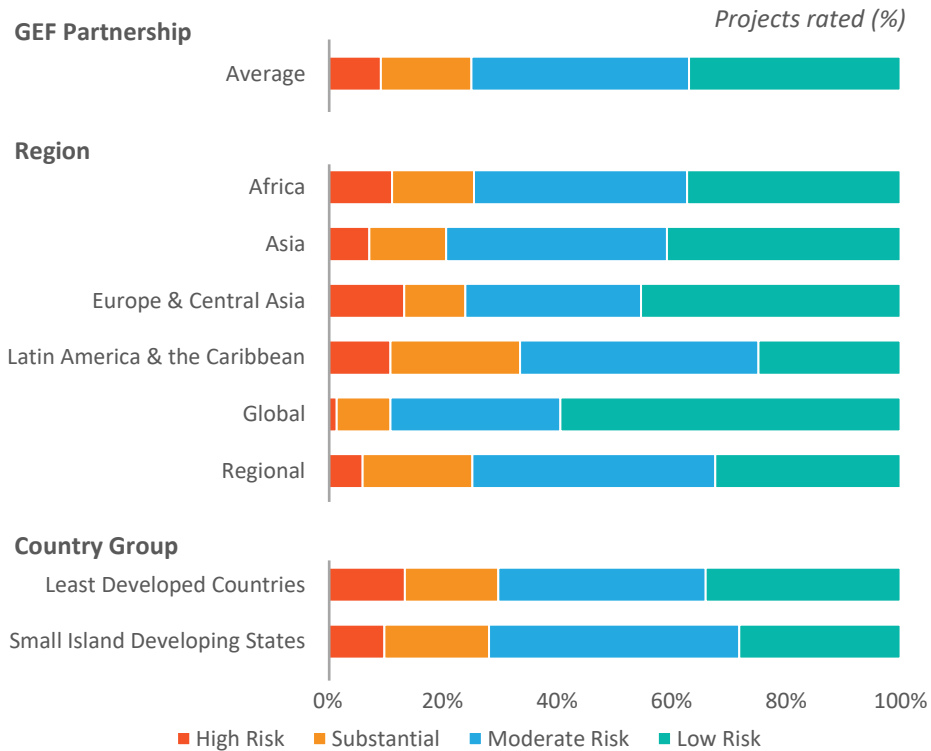
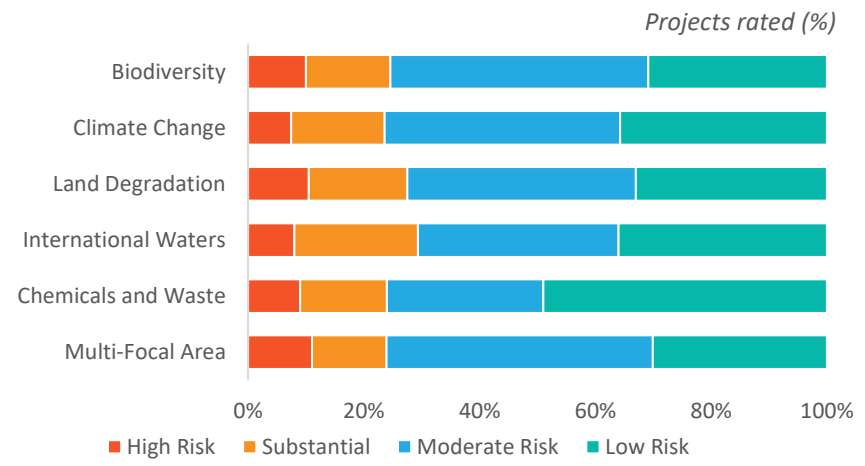


Figure 10. Distribution of risk ratings in ongoing projects by focal area

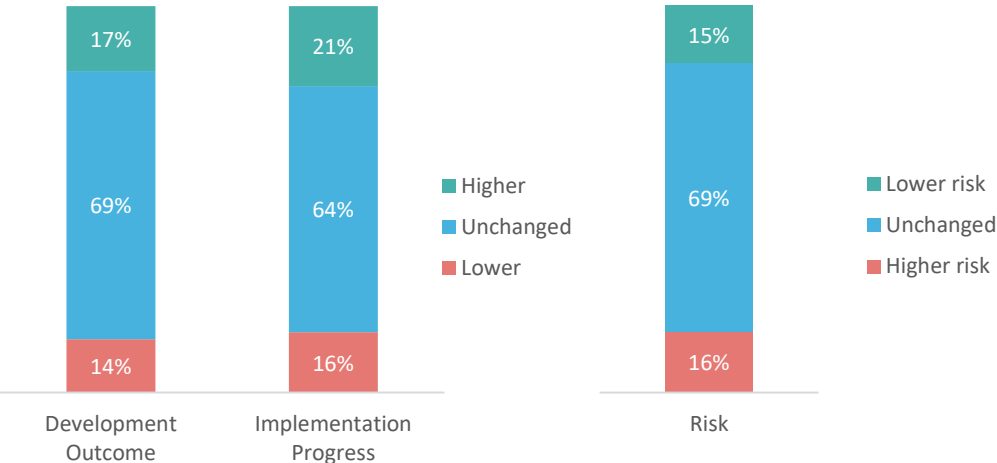


28. While Agencies and countries worked to balance implementation quality and speed with the need to protect the health of stakeholders, the share of projects with lower performance ratings this year than the year earlier increased only a little. Altogether, Agencies rated 14 percent and 16 percent of projects with a lower development outcome or implementation progress rating than in the previous year, as compared to respectively 11

percent and 14 percent a year ago. Figure 11 presents this data, which reflects changes that took place during a full year under the pandemic and related restrictions. Higher risk was faced by projects in a slightly smaller proportion than last year.

29. **While Agencies and countries worked to balance implementation quality and speed with the need to protect the health of stakeholders, the share of projects with lower performance ratings this year than the year earlier increased only a little.** Altogether, Agencies rated 14 percent and 16 percent of projects with a lower development outcome or implementation progress rating than in the previous year, as compared to respectively 11 percent and 14 percent a year ago. Figure 11 presents this data, which reflects changes that took place during a full year under the pandemic and related restrictions. Higher risk was faced by projects in a slightly smaller proportion than last year.

Figure 11. Evolution in performance and risk ratings from a year on



30. **The risk outlook for the portfolio remains overall positive and on par with last year, with 70 percent of projects rated in the satisfactory range for outcome and as facing low to moderate risk.** This project population presented in the lower left quadrant of Table 4 is only smaller than last year by 3 percentage points. Meanwhile, the share of projects facing substantial to high risk and rated unsatisfactorily in reaching outcomes increased slightly from 7 percent a year ago, reaching 9 percent. These projects highlighted in the top right quadrant are most at risk of achieving their expected development outcomes by completion. Those projects facing highest risk to outcomes are a little younger than other projects, indicating they have time to improve implementation.

Table 4. Assessing the risk to achieving project outcomes

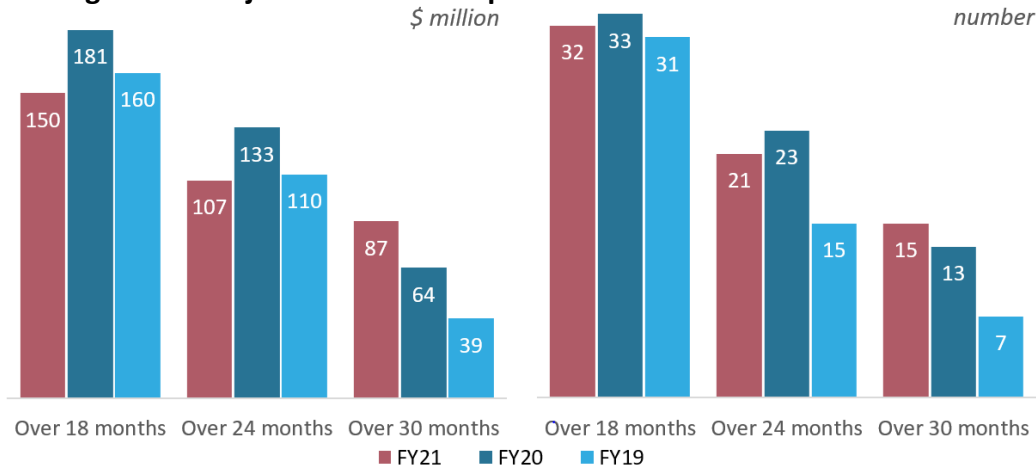
The lower right number in each cell indicates the size of the project population.



Identifying project start-up delays

31. As the COVID-19 pandemic continues to unfold, the number of projects facing start-up delays 18 months after CEO endorsement in fiscal 2021 is on par with the past two years. Projects endorsed a year and a half ago prepared implementation arrangements at a time when no travel restriction, lockdown or supply chain issues took place. In spite of this change in operating environment, the number of projects facing start-up delay is consistent with last year and their volume decreased. Most projects reported as late in starting implementation in fiscal 2020 are by now under implementation.

Figure 12. Projects not under implementation after CEO endorsement



Small Grants Programme

32. **The GEF Small Grants Programme (SGP) plays an important role supporting local actions and civil society actors to influence and deliver on national and global sustainable development and environmental goals and commitments.** GEF resources to SGP, implemented by UNDP, continues to empower local civil society and community-based organizations and supports bottom-up actions for global environmental benefits and livelihood improvement.² In GEF-7, \$128 million was approved as SGP core financing and half of this amount is now CEO endorsed. In addition, as per the SGP modality on upgrading countries and access to STAR resources, over 71 countries among the 128 countries have allocated additional STAR resources to support civil society and local communities, including women, indigenous peoples, youth, and persons with disabilities. The following provides a progress update on the status of SGP implementation.

33. **In fiscal year 2021, over 2,150 GEF-financed SGP grants are under implementation, amounting to \$75.6 million, with both SGP Core and STAR financing.** Table 5 highlights disbursement progress by SGP global core financing and STAR funding. The information provided shows that the implementation of global SGP projects is making progress. It indicates that GEF-5 and GEF-6 SGP Core resources are now fully disbursed, while disbursement from STAR resources allocated to SGP is reaching 90 percent for GEF-5 and 41 percent for GEF-6.

Table 5. Disbursement status of GEF-5 and GEF-6 SGP grants under implementation

GEF Phase	Financing type	Endorsed amount (\$ million)	Total disbursed as of end of FY21 (\$ million)	Disbursement rate as of end of FY21	Disbursed in FY21 (\$ million)
GEF-5	Core	134.6	134.6	100%	-
	STAR	120.6	108.6	90%	1.7
GEF-6	Core	134.6	134.6	100%	2.6
	STAR	36.5	15.1	41%	15.1

34. **In GEF-7, \$128 million was approved as SGP core financing and 61.5 million has been CEO Endorsed (part 1) and UNDP has made progress disbursing and allocating these funds.** The SGP Global Core (Part 2) as well as SGP STAR (part 3) have now also been submitted for CEO Endorsement. Table 6 shows that out of the \$128 million approved for GEF-7 SGP global core financing, half has been CEO endorsed, with a third of this portion now disbursed.

Table 6. GEF-7 SGP progress

GEF Phase	Financing type	Approved amount (\$ million)	Endorsed amount (\$million)	Total disbursed by end of FY21 (\$ million)	Disbursed in FY21 (\$ million)
GEF-7	STAR	44.2
	Core	123.1	61.5	19.7	19.7

² The *Annual Monitoring* prepared by UNDP and the SGP implementing unit is available at: www.sgp.undp.org. It highlights additional information on environmental and socio-economic results during the reporting year.

35. **Monitoring the share of SGP resources directly financing civil society and community-based organizations continues to be important, as does tracking that adequate funding for capacity building, knowledge management and M&E, among other elements is provided.** Table 7 highlights the specific share of SGP financing, disaggregated by SGP global core and STAR financing taking the form of grants to civil society organizations, in relation to other expenditure categories. It indicates that the current share of SGP global core financing grant ratio stands at 61 percent in GEF-7, up from 55 percent in GEF-6.

Table 7. Grant and non-grant expenditures

	GEF-5 Financing		GEF-6 Financing		GEF-7 Financing	
	Core	STAR	Core	STAR	Core	STAR
Grants to CSOs and CBOs, including Grantmakers Plus	64%	80%	55% ³	80%	61% ⁴	80%
Non-grant	36%	20%	45%	20%	39%	20%
- of which program cost ⁵	22%	6%	31%	6%	25%	6%
- of which project management cost ⁶	10%	10%	10%	10%	10%	10%
- of which Agency fee	4%	4%	4%	4%	4%	4%

36. **The SGP has continued to expand its country coverage in GEF-7.** As of fiscal year, 2021, the SGP is operational in 128 countries. This includes 113 countries supported by the GEF core and STAR financing under the SGP Global Programme, and 15 countries through SGP Upgraded Country Programmes financed by countries' STAR allocation. Out of the 11 countries that have provided official letters of interest to join the SGP in GEF-7 so far, progress has been made in opening SGP Country Programmes in Bangladesh, Eswatini, Gabon and Angola. SGP Country Programmes in Bangladesh (June 2021) and Eswatini (May 2020) have been officially opened and resources have been allocated to the country level. Bangladesh is currently in the process of developing a SGP Country Programme strategy and Eswatini is in the process of preparing its first call for proposal through its National Steering Committee. Efforts to opening SGP Country Programmes in Gabon and Angola are also progressing. In Gabon, staff is currently being recruited and starting up the Programme, while planned startup activities in Angola have been slightly delayed due to the COVID-19 pandemic.

37. **SGP continues to implement grants at the community level while adapting to the COVID-19 pandemic by responding to its impact with the involvement of the local communities.** Despite all the challenges under the pandemic, UNDP reports that SGP grantees

³ Including 5% of the total SGP core financing allocated to Grantmakers Plus activities in GEF-6 to support knowledge platforms, policy dialogues, and to enhance social inclusion.

⁴ Including grants directly contracted to CSOs and CBOs as well as financing allocated to GEF-7 Grantmakers Plus Initiatives to support (1) dialogue platforms for civil society organizations, government, and the private sector; (2) activities to enhance social inclusion; and (3) knowledge platforms.

⁵ Expenditures for monitoring and evaluation, capacity development and project support to CSOs/CBOs, communication and knowledge management, and UNOPS fees.

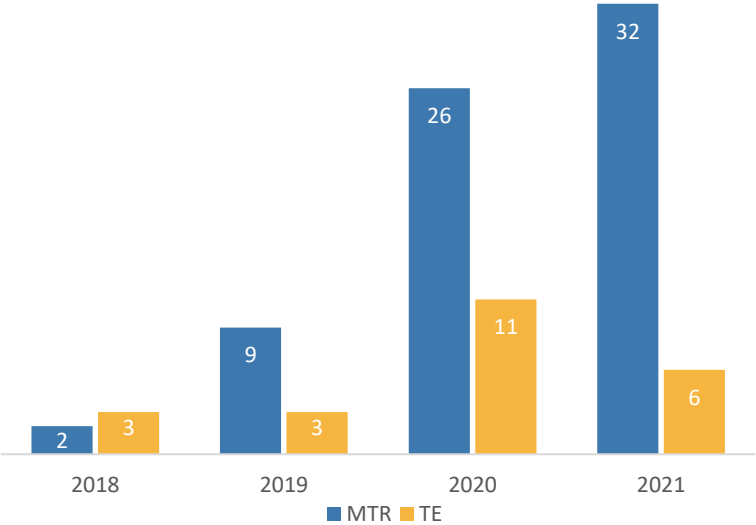
⁶ Expenditures for SGP staff costs, premises, travel, and equipment.

have completed 930 GEF-financed projects with significant results during this reporting period. UNDP further reports, that an SGP survey of grantees suggests that about half of the Country Programmes shifted to remote work, with virtual monitoring sessions, trainings and consultations with grantees. A third of countries further indicated that they have adapted implementation to ensure they can continue with the grant implementation appropriately. Nearly 400 projects planned to have reached completion in FY21, however, had to extend their duration mainly due to limited mobility. Despite travel restrictions, UNDP reports that 56 percent of the projects received in-person monitoring visits from SGP Country Programme staff and National Steering Committee members.

ASSESSING ACTUAL RESULTS UNDER THE GEF-7 RESULTS ARCHITECTURE

38. **In fiscal 2021, Agencies reported on actual results for an increasing number of projects, while reporting at scale will only be possible during GEF-8.** The number of projects mandated to report on Core Indicators when reaching MTR or Terminal Evaluation (TE) has steadily increased since the establishment of the new results architecture in mid-2018. Figure 13 indicates the number of MTRs and TEs submitted by GEF-6 projects over the past 4 calendar years. The number of MTRs submitted each year is rising gradually with updates from 26 projects in 2020 and 32 in 2021, up from 9 a year earlier and only 2 in 2018. Meanwhile, the number of TE reports is just starting to grow. This lag in reporting on actual results, which reflects the average project duration until completion, is compounded by delays possibly linked to COVID-19. Nevertheless, Agencies indicate that they expect to report on actual results for a cohort of around two hundred GEF-6 projects over the next two years.

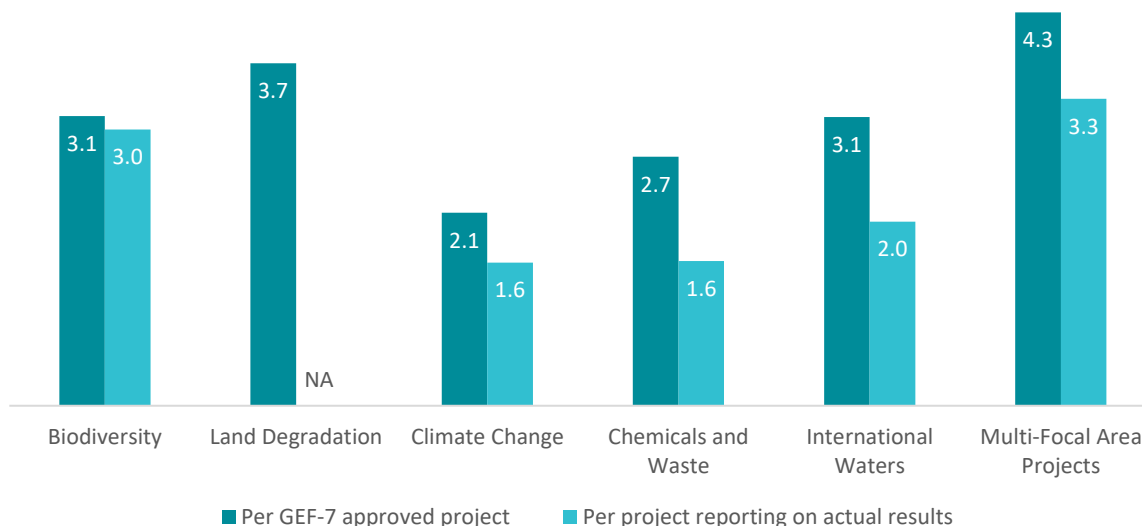
Figure 13. Number of projects eligible to report on Core Indicators submitting MTRs and TEs



39. **The uptake of Core Indicators among GEF-6 projects covers most relevant indicators with increased consistency through Portal enhancement and dialogue.** Early evidence on the use of Core Indicators among projects reporting on actual results indicates the use of a relatively smaller number of Core Indicators as compared to GEF-7 approved projects (see in Figure 14).

This in part reflects that GEF-7 projects achieve results in more areas, than in earlier GEF phases, given their stronger integrated focus. This is even the case for Multi-Focal Area projects in GEF-7 which rely on average on 4.3 indicators, against those reporting on actual results from GEF-6 phase which use an average of 3.3 indicators. Discussions with Agencies take place to facilitate the uptake of an appropriate number of relevant indicators and to ensure a realistic assessment of achievement levels against plans.

Figure 14. Number of Core Indicators used by single and multi-focal area projects



40. **Results achievement rates continue to show good progress at MTR and TE stages, among the limited population of projects providing a results update.** In a number of instances, the achievement rate proved to be higher than planned results at CEO endorsement. This indicates better than anticipated performance at project design stage, supported by an assessment of results grounded on evidence. Table 8 summarizes the achievement rate of projects which shared progress data on Core Indicators in fiscal 2021 by comparing the target set at CEO endorsement with actual achieved results at the reporting stage.

41. **A systematic approach to reporting on actual results is set to take place in GEF-8, building on the first two years of results analysis under the current results architecture.** As more projects reach MTR and TE, the GEF will report on actual results at scale—a core objective of the results architecture. Meanwhile, actual results from each project continue to be part of each Mid-Term Review and Terminal Evaluation released publicly through the GEF website. Separately, the GEF has also increased the level of details it reports on expected GEF-7 results, by publishing cumulative expected results for all Core Indicators and sub-indicators in the Corporate Scorecard.

42. **Looking forward, the Monitoring Report will continue to guide the GEF partnership as the implementation of the GEF-7 Results Architecture gathers scale.** It is providing evidence that informs management and feeds back into new projects and programs. This complements the continuous of the results architecture to ensure better environmental outcomes take place through results-focused programming.

Table 8. Achievement rate of Core Indicator results in fiscal 2021

Indicator Name	MTR	TE
Terrestrial protected areas created or under improved management for conservation and sustainable use (Hectares)	78%	
Marine protected areas created or under improved management for conservation and sustainable use (Hectares)		
Area of land restored (Hectares)	>100%	
Area of landscapes under improved practices (excluding protected areas) (Hectares)*	>100%	>100%
Area of marine habitat under improved practices to benefit biodiversity (Hectares)		
Greenhouse gas emission mitigated (Metric Tons of CO2e)*	>100%	>100%
Number of shared water ecosystems (fresh or marine) under new or improved cooperative management		
Globally over-exploited fisheries moved to more sustainable levels		
Reduction, disposal/destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials, and products (thousand metric tons)		
Reduction, avoidance of emissions of POPs to air-from point and non-point sources (grams of toxic equivalent)		
Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment	>100%	

* Correction – The 2020 Monitoring Report misstated the values for these indicators. The 2020 value is 42 at MTR for the indicator on landscapes, not 271, and 26 at MTR for the indicator on GHG emissions, not 379.

DEEP DIVE ANALYSIS ON PRACTICES IN PREPARING PROJECT MID-TERM REVIEWS

43. Building on the past two years’ practice, this Monitoring Report includes a separate deep dive focus on one dimension of work in the GEF-financed portfolio of ongoing operations. This time, the Monitoring Report turns its focus on the use of Mid-Term Reviews across the partnership. This analysis is a step toward more systematic capture of lessons learned and use of MTR findings for course correction.

44. Following IEO's OP7 evaluation of the Agency Self-Evaluation Systems and the Secretariat's own diagnostic informed by engagement with Agencies, the Secretariat committed to highlight practices across Agencies with a focus on adaptive and proactive management, implement a more efficient MTR review process and better track MTR submission. This note initiates this effort, to be pursued with Agencies and IEO, by reviewing current practices and guidance in place.

Outlining Existing Guidance and Setting to Prepare MTRs across the Partnership

45. **While the GEF Secretariat does not prescribe a specific format or guidance for MTRs, it provides a set of elements that collectively amount to a set of directions framing the use of MTRs as a tool for course correction, adaptive management and proactive implementation.** The Monitoring Policy requires every FSP to prepare a Mid-Term review, defined as "an assessment of a project's or program's performance and results, carried out for adaptive management purposes at the midpoint of a project's or program's intended duration⁷." This is further supported by guidelines highlighting that the MTR "takes stock of progress and performance in reaching the project objective, and supports making decisions to strengthen progress, ownership and commitment going forward⁸." It also indicates that MTR is also an opportunity to discuss the continued relevance of the project objective and likelihood of achievement during the remaining implementation period. The 2019 GEF Evaluation Policy also indicates that MSPs are encouraged to prepare MTRs.

46. **MTR guidance specific to each Agency also exists, highlighting approaches based on a rigorous forward-looking assessments, grounded in most instances on evaluative practices.** Several Agencies indicate in project MTRs relying at least in part on norms and standards of the United Evaluation Group. This is the case of CI, FAO, UNDP, UNEP, UNIDO and WWF. UNDP also made publicly available in 2014 a Guidance for Conducting Mid-Term Reviews of UNDP-Supported GEF-Financed Projects. Separately, Agencies provide internal guidance and adopt a range of practices to guide the effective use of project MTRs. Those elements may include details on the submission of deliverables, content to cover and work planning. IEO's recent evaluation also highlighted that Agencies that joined the partnership more recently may lack internal guidance, with FECO and WWF being exceptions.

47. **The Portal is also designed to ensure the systematic capture of progress updates on key policy areas.** Since fiscal 2020, each Agency must now provide qualitative analysis on progress made and challenges in implementing activities to support gender equality, strengthen stakeholder engagement and deliver knowledge management activities. In addition, a dedicated text field provides an opportunity to summarize overall project progress and challenges. These dedicated updates come in addition to the overall MTR reporting and related document. They are also supplemented by a requirement to provide an update on the achievement of Core

⁷ GEF/C.56/03/Rev.01, *GEF Monitoring Policy*, 2019.

⁸ GEF/C.59/Inf.03, Annex 3 in: *Guidelines on the Project and Program Cycle Policy (2020 Update)*, *Guidelines on Core Indicators and Sub-Indicators*, 2020.

Indicator results and the materialization of co-financing at the stages of MTR and TE. This enables to compare progress toward results as against targets set during project design.

48. **Ensuring that project implementation teams prepare MTRs early enough is tracked in the Portfolio Scorecard and promoted through guidance, to provide opportunity to solve problems, adapt and learn during the project period.** The Portfolio Scorecard presented in this report tracks the share of projects reaching the MTR milestone within 4 years from CEO endorsement. This helps assess that projects not only conduct a MTR, but do so early enough in their project life to allow for course correction. Guidelines provide broad directions by indicating that MTRs should “take place at least two years after project implementation begins and before disbursing the majority of financing available”. Implementation teams exert their own flexibility in identifying the most appropriate MTR date. They let the Secretariat know about the expected MTR date in the first PIR and may amend it during implementation.

Key Characteristics Identified in MTRs

49. **A review of project MTRs made available across Agencies confirm MTRs are used for course correction and to document lessons learned in most cases.** A Systematic random sampling method was applied to select for review up to 2 MTRs for each of the 14 Agencies that prepared MTRs. This limited sample size allows to identify key characteristics observed in MTRs. It identifies that almost all MTRs under review included forward looking elements, with recommendations to act on informed by analysis. This often takes the form of decision points and clearly laid out plans for the project team. About 80 percent of the reviewed MTRs document lessons learned. Overall, this review notes that Agencies with clear references to guidance effectively cover the systematic identification of implementation bottlenecks, definition of next steps and documentation of lessons learned. Table 9 provides an analysis of the use of key dimensions in at least one reviewed MTR for each Agency. It should be noted that this table assesses whether or not those categories are mentioned, not the quality of their coverage.

Table 9. Reporting dimensions observed in a sample of MTRs

Lessons learned	Forward looking elements	Risk rating or assessment	Performance ratings
Reliance on MTR guidance	Project relevance assessment	Project effectiveness assessment	Project efficiency assessment
Project M&E assessment	Sustainability assessment	Knowledge management update	Update on Gender and stakeholder engagement

50. **A large share of MTRs are grounded on select evaluation criteria that provide a grid for analysis, backed by analysis of key implementation areas.** For example, most of the reviewed MTRs provide analysis under the lens of the standard evaluation criteria—relevance, efficiency, effectiveness, results and sustainability. Each category is covered in depth. For example, sustainability is assessed and rated by UNDP across four risk dimensions: financial, socio-economic, institutional and governance, and environmental. MTRs also often cover the quality of Monitoring & Evaluation and review progress around policy areas—gender equality, stakeholder engagement and knowledge management. In about a quarter of the cases, a review of risk elements is added to provide an assessment on the risk to achieving project outcomes.

51. **Through this modest review, practices at play across Agencies emerge, but more analyses and exchanges need to take place to effectively promote good practices.** For example, select MTRs are effective at presenting corrective actions for the design, implementation and M&E of the project. MTRs also include details on actions to pursue to strengthen progress. This was for example observed in MTRs prepared by UNDP. On the other hand, other Agencies focus more on providing an analysis of progress toward reaching outcomes and providing lessons learned, without necessarily spending enough time to detail what to make of this assessment to enhance implementation going forward.

Assessing the Effect of MTR Submission on Implementation Progress

52. **This year’s Portfolio Scorecard pointed to a decline in the timely submission of MTRs, in part due to delays caused by travel restrictions that prevented site visits of the MTR team.** This decline covers all project types, in all regions and includes projects rated unsatisfactorily as much as others. While stable at just under 60 percent in fiscal 2019 and 2020, the share of MTRs submitted within the first 4 years of a project life reached about 40 percent in fiscal 2021. This translates challenges in conducting field work with interviews of stakeholders and site visits. Anecdotal evidence also indicates that in certain cases it took time to hire local consultants to conduct the work, as previously commissioned international experts could not travel on site.

53. **An “MTR effect” is at play in a relatively significant share of projects that saw their implementation and outcome ratings increase after conducting a MTR.** A simple way to look at whether MTRs helped implementation progress is by looking at the evolution of project ratings during the year of the MTR and a year after its publication. For example, 20 percent of projects that submitted a MTR in fiscal 2020 upgraded their implementation progress rating a year after, while 71 percent remained unchanged. The share of projects with upgraded ratings was even more significant for fiscal 2019 MTRs, reaching 27 percent, and for those in fiscal 2018, with 22 percent achieving a rating upgrade a year after. This is higher than changes in ratings observed across the portfolio and presented above in Figure 11. While these findings cannot be generalized in the absence of counterfactual, they point to the fact that projects are enhancing implementation as a result of holding a MTR.

Paving a Way Forward

54. **The GEF Secretariat committed to outline steps to implement a more efficient MTR review process.** These will improve the quality and role of MTRs, with a view to enhance learning and adaptive management. Key to this is the need to continue track MTR submission on a regular basis, that could be backed by a quality check ensuring minimum elements are in place. In addition, further learning can emerge from MTRs. Already, the Portal allows to document lessons learned along a series of operational and environmental categories. Finally, the GEF Secretariat will hold a series of events with Agencies over the year ahead on the nuts and bolts of operational effectiveness, with topics that could include the use of MTRs.

CONCLUSION

55. **The Monitoring Report highlights continuous portfolio progress and project adaptation, even as the impact of the pandemic is unprecedented for countries' and agencies' operating environments.** Implementation progress is afoot, both through timely project start and overall flow of project disbursement to countries for the achievement of global environmental benefits. Projects' performance ratings remain in the satisfactory range for over 80 percent of the portfolio. Under the circumstances, however, several metrics pointed to delays. Agencies indicate delays in holding MTRs and adapt implementation modalities of project activities. Severe disruptions hampered MTRs and co-financing materialization did not take place as planned in Least Developed Countries.

56. **In the context of GEF-8 replenishment negotiations, the GEF Secretariat is outlining a set of complementary actions to address the strategic implications of the Monitoring Report.** Issues requiring special attention include the role of MTRs to enhance implementation performance and learning, reporting on actual results at scale and overall portfolio quality. The Portfolio Scorecard will continue to serve as a tracking framework to assess portfolio effectiveness and efficiency.

57. **Continuous system improvement through the GEF Portal is enhancing data quality, allowing to assess portfolio progress in rigorous, reliable and accurate ways.** The Monitoring Report gathers data from hundreds of yearly project updates. The exercise demands dedication from Agencies and countries. The report uses the Portfolio Scorecard, a framework to assess progress in different dimensions, triangulating metrics to confirm findings. In turn, this information allows the partnership to highlight progress, and learn from good practices and challenges. It also allows to report transparently on projects and programs through the International Aid Transparency Initiative (IATI), sharing progress from GEF partners and stakeholders with a large audience.

58. **As countries and the GEF partnership work toward a green and blue recovery, and a strong GEF-8 agenda, the Monitoring Report will continue to do its part to assess progress, suggesting pathways to enhance implementation and better protect the global environment.** As indicated above, remote supervision and other measures used to adapt to the pandemic have proven essential steps to maintain strong progress in the reported fiscal year. They are a

testament to the resilience and dedication of the partnership and the people who keep it on-course and strong. In addition, the analysis presented in this report suggests that the continuous and more timely use of MTRs will help proactively identify and learn from implementation challenges, as well as take action to enhance implementation. Altogether, this can make a significant contribution to help projects achieve stronger effectiveness, better results and more lasting outcomes.

ANNEX A - FISCAL 2021 PROJECT POPULATION

	GEF Average	ADB	AfDB	CAF	CI	DBSA	EBRD	FAO	FECO	FUNBIO	IADB	IFAD	IUCN	UNDP	UNEP	UNIDO	WB	WWF
ENHANCE THE SPEED OF OPERATIONS																		
Time from CEO endorsement (FSP) or CEO approval (MSP) to first disbursement below 18 months	34			1			1	1	1			1		9	7	1	12	
- MSPs only (%)	7							1	1					3	2			
- FSPs only (%)	27			1			1					1		6	5	1	12	
Time from CEO endorsement to mid-term review below 4 years	76	2		1	2		1	17			4	2		28	8	2	9	
MSP age below 4 years (%)	142	2			2		2	10	1		4		2	36	56	22	4	1
FSP age below 6 years (%)	532	10	6	2	10	2	9	65		1	20	13	6	189	67	56	71	5
ENSURE STRONG PORTFOLIO MANAGEMENT																		
Disbursement ratio of ongoing portfolio (%)	644	12	9	1	10	2	11	68		1	24	12	8	222	106	71	81	6
Projects rated in the satisfactory range for both Implementation Progress and Outcome (%)	731	12	8	2	12	2	11	80	1	1	27	11	9	227	150	87	86	5
Projects rated in the satisfactory range for Implementation Progress (%)	732	12	8	2	12	2	11	80	1	1	27	11	9	227	151	86	86	6
Projects rated in the satisfactory range for Development Outcome (%)	735	12	8	2	12	2	11	80	1	1	27	11	9	227	150	86	91	5
Projects with disbursement in the past year (%)	766	12	9	2	12	2	11	78	1	1	27	13	9	227	155	99	102	6
Over 50% disbursed balance 3+ years into MSP implementation (%)	83	1			1		2	5			2		1	19	33	16	3	
Over 50% disbursed balance 5+ years FSP implementation (%)	168	5	2		2		6	17			7	1		49	22	35	22	
Projects with financial closure after Terminal Evaluation submission (%)	2137	24	10		8		2	48			27	31	1	1022	287	67	608	2

	GEF Average	ADB	AfDB	CAF	CI	DBSA	EBRD	FAO	FECO	FUNBIO	IADB	IFAD	IUCN	UNDP	UNEP	UNIDO	WB	WWF
Projects financially closed on time in the last year (%)	307	15	2		2			16			3	4		172	17	17	59	
INCREASE CO-FINANCING ACROSS THE PORTFOLIO																		
Projects with co-financing materialized higher than 35 percent at MTR (%)	60	1			2			15			4	2		21	6	2	7	
Co-financing materialized at Terminal Evaluation (%)	92	1						9			3	1		57	4		17	

	GEF Average	AFRICA	ASIA	EUROPE & CENTRAL ASIA	LATIN AMERICA & CARIBBEAN	REGIONAL	GLOBAL	LDC	SIDS
ENHANCE THE SPEED OF OPERATIONS									
Time from CEO endorsement (FSP) or CEO approval (MSP) to first disbursement below 18 months	34	18	7	2	3	2	2	12	1
- MSPs only (%)	7	1	4	2	0	0	0	1	0
- FSPs only (%)	27	17	3	0	3	2	2	11	1
Time from CEO endorsement to mid-term review below 4 years	76	16	25	8	16	8	3	10	6
MSP age below 4 years (%)	142	41	26	20	30	11	14	35	20
FSP age below 6 years (%)	532	140	138	50	91	74	39	97	43
ENSURE STRONG PORTFOLIO MANAGEMENT									
Disbursement ratio of ongoing portfolio (%)	645	175	158	64	126	82	40	127	72
Projects rated in the satisfactory range for both Implementation Progress and Outcome (%)	731	192	172	73	136	95	63	134	70
Projects rated in the satisfactory range for Implementation Progress (%)	732	192	173	73	136	95	63	136	70
Projects rated in the satisfactory range for Development Outcome (%)	735	192	172	73	135	97	66	134	70
Projects with disbursement in the past year (%)	766	200	182	76	137	98	73	147	71
Over 50% disbursed balance 3+ years into MSP implementation (%)	83	26	15	12	17	6	7	23	10
Over 50% disbursed balance 5+ years FSP implementation (%)	168	40	47	19	24	28	10	22	13
Projects with financial closure after Terminal Evaluation submission (%)	2137	470	489	292	374	291	221	360	174
Projects financially closed on time in the last year (%)	307	79	76	28	36	36	52	67	23
INCREASE CO-FINANCING ACROSS THE PORTFOLIO									
Projects with co-financing materialized higher than 35 percent at MTR (%)	60	12	20	7	13	5	3	9	5
Co-financing materialized at Terminal Evaluation (%)	92	19	27	7	22	10	7	14	15